

Community Development Investments

REO Discounted / Donated Program

Mission

- To facilitate the transfer of Wells Fargo donated or discounted Real Estate Owned (REO) properties to government entities or housing intermediaries that have a history of providing sustainable affordable homeownership or rental opportunities to low- to moderate-income (LMI) people.

Program requirements

- The organization must be tax exempt under Internal Revenue Service Code 501 (c) (3) or the organization must be a government entity.

How to Apply

1. Contact your local Wells Fargo Community Development Rep for a check-list of information needed to complete a proposal.

Oscar Cabello, Community Development Manager (Modesto)
Sandy Cha, Community Development Officer (Fresno)

2. Proposals are received throughout the year. Written acknowledgement will be sent within two weeks of receipt of your proposal. Please allow 45 days for Wells Fargo review and response.
3. Send proposal directly to the Wells Fargo Housing Foundation

REO Guide & Check List

Proposal will include:

1. Eligibility Requirements
2. Organizational Information
3. Project Information
 - Description of the project, including income segments of population served and if applicable, any planned strategies for neighborhood revitalization.
 - Location/address of property being requested (if more than one property, please attach a complete list)
 - The purpose for which the property is being requested.
 - Dollar amount organization can apply to a discounted purchase
 - Brief job description and listing of qualifications for project staff
 - Project budget, including proposed and committed sources of income, the amounts and intended use.
 - Timeline for implementation and evaluation of the project. Including estimate when the property will be sold or rented.
 - How did the organization learn of this property's availability?

Equity Equivalent Investments

EQ2

- Community development finance tool (Loan).
- Low-interest rate (2%-4%)
- Terms of 3, 5, 7, or 10 years
- Interest paid quarterly & principal borrowed amount paid at the end of the term.

EQ2's

1. Regular EQ2

- **Revolving Loan Fund**
 - Loan used to capitalize a revolving loan fund for micro businesses or down payment assistance loans
 - **Real Estate for Community Development**
 - Construction financing for single-family homes that are being rehabbed and sold to LMI homeowners
- An EQ2 is designed as an investment to meet unmet credit needs and is not simply below-market financing and/or inexpensive, long-term real estate financing.
- A non-profit should use EQ2 funds for a project or program that generates income for the agency. This income needs to generate the cash to pay the EQ2 interest quarterly and ultimately repay the principal at maturity.

EQ2's

2. REO EQ2

- low-cost, flexible loan capital to experienced non-profits and government agencies for purchase of bank-owned single-family homes (REOs) for rehabilitation and resale to qualified low- and moderate-income borrowers via affordable mortgage products.
- Funding of up to \$1 million is available per applicant.
- Acceptable uses of the funds would include: due diligence on the property, acquisition costs, infrastructure and rehabilitation expenses, and marketing of the property.
- Must demonstrate qualifications as outlined in handout.

EQ2's

3. Green EQ2

Green EQ2s support practices that result in conservation of energy and water, and reduction of waste and pollution. Those practices may include:

- Sustainable affordable housing development, including affordable housing on transportation corridors or with access to public transportation,
- Redeveloping brownfield sites,
- Renewable energy use,
- Ecological agriculture,
- Conserving natural resources for business practices, i.e. use of recycled and/or biodegradable supplies, reducing waste,
- Promoting efficient lighting, purchasing in bulk, watering landscapes efficiently, recycling cardboard, using less toxic products, etc.

Central California Contacts

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